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Linda McCulloch
Superintendent

July 30, 2008

TO: District Superintendent and Clerk/Business Managers
County Superintendents and County Treasurers

FROM: Janelle Graybeal, Financial Specialist Supervisor
School Finance Division

RE: 2008 Personal Property and Mobile Home Tax Bills

OPI has received several calls from school districts and county superintendents concerning a delay in 2008 mobile home and personal property tax bills. The purpose of this message is to explain the situation and provide guidance for FY2008 Trustees Financial Summary (TFS) reporting.

BACKGROUND

In April each year, counties usually receive taxable valuations needed to generate mobile home tax and personal property tax bills from the Department of Revenue (DOR). Taxes on mobile homes are usually billed in April with one-half payment due in May and the second half due in November. Personal property tax bills are usually billed in May with payment due by the end of June. In 2008, the DOR sent taxable valuations to counties in June, which caused a delay in the county's ability to issue mobile home and personal property tax bills on schedule.

This delay in issuing tax bills impacts funds maintained at the county and school district level:

- Some counties experienced cash shortfalls in the countywide transportation and retirement funds at the end of FY2008. In these cases, the county superintendent was unable to order the county treasurer to make final FY2008 distributions to their school districts' transportation and retirement funds as required in 20-3-205 (1)(m) and 20-9-212, MCA.
- Some school districts had less cash available in their transportation and retirement funds because total county revenue supporting FY2008 budgets was not received prior to June 30, 2008. In addition, school districts may see reduced cash balances in their general fund and other budgeted funds at fiscal year end as personal property tax and mobile home tax revenues are received later than usual (i.e., in the next fiscal year).

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GUIDANCE FOR SCHOOL DISTRICTS

1. Transportation and Retirement Funds

In accordance with generally accepted accounting principles (GAAP), school districts that did not receive final FY2008 distributions of county transportation and/or county retirement revenue in their district transportation and retirement funds may record a "Due From Other Government" in those funds as of June 30, 2008. In the next fiscal year, when the county distributes the remainder owed for FY2008, the school district should credit the Due From Other Government account before applying funds toward FY2009 revenues.

OPI recommends school districts contact the county superintendent and/or county treasurer to discuss this issue. It may be helpful to notify the county in writing of the district's intent to record a Due From Other Governments amount in the district's transportation and/or retirement fund as of June 30, 2008.

2. General Fund and Other Budgeted Funds

The accounting treatment for the budgeted funds that are impacted by the delay in mobile home and personal property tax billing depends on when the tax bills were generated. If your county was able to generate tax bills prior to June 30, 2008, include the unpaid amount in Taxes Receivable and Deferred Revenue. If your county generated tax bills after June 30, 2008, no entry to your FY2008 accounting records is necessary.

GUIDANCE FOR COUNTIES

If a county was unable to make final FY2008 distributions to school district transportation and/or retirement funds, OPI encourages the county superintendent and treasurer to contact their school districts to discuss whether the district will record a Due From Other Governments for the county revenue not received as of June 30, 2008. County superintendents and treasurers may want to consult with their accounting department to determine the impact on the county's FY2008 financial statements, if any.

Questions about the above guidance may be directed to Janelle Graybeal, (406) 444-3249 or jgraybeal@mt.gov or Denise Ulberg, (406) 444-1960 or dulberg@mt.gov.